



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE REGULATION
DEPARTMENT OF LABOR & ECONOMIC GROWTH
KEITH W. COOLEY, DIRECTOR

KEN ROSS
COMMISSIONER

October 30, 2008

All Mortgage Broker, Lender, and Servicer Licensees and Registrants

RE: Loan Officer Criminal History Check, Pre-Registration Education, Examination, and Registration Application Instructions

This letter is written pursuant to the Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 PA 173, (MBLSLA), to provide updated information and instructions to mortgage brokers, lenders, and servicers and their corresponding loan officers/originators. Please share this information with your loan officers/originators, staff, and counsel.

A loan officer registration is required of individuals originating Michigan mortgage loans effective **January 1, 2009**. A loan officer that is not registered beginning January 1, 2009, is not authorized to receive compensation for the origination of a mortgage loan and would be in violation of the MBLSLA.

To register as a loan officer in Michigan, an individual must follow one of two registration paths:

1. **An individual that has been a loan officer for 4½ out of the previous 5 years immediately preceding April 3, 2008 (applies only until December 3, 2008).**
 - a. Fingerprints are required to be taken for a criminal history check. The results of the criminal history check are to be returned to and retained by the individual's employer or sponsor; however, this process is not in place at this time. Loan officers are requested to delay getting their fingerprints taken and having criminal history checks completed until further advised by OFIR.
 - b. The results of the criminal history check do not contain:
 - 1) A conviction or a pleading of no contest to a felony within the 10-year period preceding the date of the individual's loan officer application, or
 - 2) A conviction or a pleading of no contest to a felony or misdemeanor involving embezzlement, forgery, fraud, a financial transaction, or securities.
 - c. The individual was not subject to any prohibition orders issued by the Commissioner in the 5-year period immediately preceding April 3, 2008.
 - d. The individual has taken and passed the Michigan loan officer examination with a minimum score of 75%.
 - e. The individual has submitted a complete, signed loan officer registration application (Form MU4) via the Nationwide Mortgage Licensing System (NMLS).
 - f. The individual has submitted a complete, signed Loan Officer Request for Registration and Michigan-Specific Supplement to Form MU4 (FIS 2080). To obtain form FIS 2080, the individual must first complete the electronic Form MU4, which will then link the individual to form FIS 2080.

- g. Pay the required NMLS fees (\$30 setup fee and a \$30 annual fee). The fees must be submitted online following completion of the MU4 form and prior to submission of the MU4 form.
 - h. Pay the required Michigan loan officer registration fee (\$350). The fee must be submitted online following completion of the MU4 form and prior to submission of the MU4 form.
 - i. **Individuals that do not complete and meet all of items a-h above are required to complete the 24 hours of pre-registration education.**
- 2. **An individual that has not been a loan officer for 4½ out of the previous 5 years preceding April 3, 2008.**
 - a. Fingerprints are required to be taken for a criminal history check. The results of the criminal history check are to be returned to and retained by the individual's employer or sponsor; however, this process is not in place at this time. Loan officers are requested to delay getting their fingerprints taken and having criminal history checks completed until further advised by OFIR.
 - b. The results of the criminal history check do not contain:
 - 1) A conviction or a pleading of no contest to a felony within the 10-year period preceding the date of the individual's loan officer application, or
 - 2) A conviction or a pleading of no contest to a felony or misdemeanor involving embezzlement, forgery, fraud, a financial transaction, or securities.
 - c. The individual was not subject to any prohibition orders issued by the Commissioner in the 5-year period immediately preceding April 3, 2008.
 - d. Complete the required 24 hours of pre-registration education.
 - e. The individual has taken and passed the Michigan loan officer examination with a minimum score of 75%.
 - f. The individual has submitted a complete, signed loan officer registration application (Form MU4) via the Nationwide Mortgage Licensing System (NMLS).
 - g. The individual has submitted a complete, signed Loan Officer Request for Registration and Michigan-Specific Supplement to Form MU4 (FIS 2080). To obtain form FIS 2080, the individual must first complete the electronic Form MU4, which will then link the individual to form FIS 2080.
 - h. Pay the required NMLS fees (\$30 setup fee and a \$30 annual fee). The fees must be submitted online following completion of the MU4 form and prior to submission of the MU4 form.
 - i. Pay the required Michigan loan officer registration fee (\$350). The fee must be submitted online following completion of the MU4 form and prior to submission of the MU4 form.

Nationwide Mortgage Licensing System (NMLS)

The NMLS was developed by state regulators through the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR). The NMLS will enhance consumer protection and streamline the licensing process for regulators and the industry. All Michigan loan officer registration applications (Form MU4) will be completed and submitted electronically through the NMLS. The FIS 2080 Michigan specific application must be mailed directly to OFIR per instructions listed on the FIS 2080. The NMLS website may be accessed at www.stateregulatoryregistry.org/nmls.

NMLS Profile Creation and Application Submission Instructions

Prior to completing an MU4 application, the loan officer's employer/sponsor will need to create a company account and the individual loan officer will need to create an individual account if one is not already established in the NMLS. System identification numbers will be provided to the employer/sponsor and the individual loan officer. These identification numbers will be used in completing the MU4 application and the FIS 2080 Michigan specific application.

The Michigan Workflow Guide gives instructions for creating company and individual accounts. It also gives instructions for submitting the loan officer registration application (MU4). The Michigan Workflow Guide can be accessed on the NMLS website at:
www.stateregulatoryregistry.org/nmls - select "Participating States" and then select "Michigan."

Prior to the submission of an MU4 application, the loan officer registration applicant must complete the Michigan specific requirements including Fingerprints, Criminal History Check, Loan Officer Examination, and Pre-Registration Education.

Fingerprints/Criminal History Check

Fingerprints and obtaining a criminal history check are required of all individuals that intend on operating as a loan officer conducting mortgage loan origination in Michigan, as prescribed in the MBLSLA; however, **this process is not in place at this time**. Specific statutory language is not available in the MBLSLA to receive an FBI criminal history check, and statutory language in the MBLSLA does not authorize a State Police criminal history check until January 1, 2009. Legislation to address this issue is pending.

Loan officers are requested to delay getting their fingerprints taken and having criminal history checks completed until further advised by OFIR. Mortgage brokers, lenders, servicers, and loan officers will be notified if this delay affects the January 1, 2009 loan officer registration requirement. **Continue to check the OFIR website for instructions.**

Loan Officer Examination

Pearson VUE is the approved Michigan loan officer examination vendor. The official Pearson VUE website is: www.pearsonvue.com, which can be accessed through the OFIR website.

Registering for the examination began October 20, 2008.

The MBLSLA requires that an individual must pass the loan officer registration examination with a score of at least 75%.

Do not delay in registering and taking the prescribed loan officer registration examination. Initially, an individual may retake the examination (if necessary) as many times as needed; however, the individual may only schedule one examination at a time, and will not be able to re-test on the same day that he/she failed to pass the examination with a minimum score of 75%.

Pre-Registration Education

An individual who has been a loan officer for 4½ out of the previous 5 years preceding April 3, 2008, and has met all loan officer registration requirements on or before December 3, 2008, is

exempt from the 24 hour pre-registration education requirement. All other individuals must attend an approved 24 hour pre-registration education course in the state of Michigan. Approved education providers, instructors, and courses are available on the OFIR website at:
http://www.michigan.gov/documents/dleg/LOR_Approved_Education_Providers_250928_7.pdf

OFIR Website

The general OFIR website address is: www.michigan.gov/ofir. OFIR has created and dedicated a separate webpage within the OFIR website specifically for loan officers and loan officer registration. On the OFIR homepage select Licensing, then Mortgage Loan Officer Registration, or use this link:
http://www.michigan.gov/dleg/0,1607,7-154-10555_22535_51508---,00.html.

FAQs

The OFIR website has accumulated many questions concerning loan officers and loan officer registration. A Frequently Asked Questions (FAQs) section has been included on the OFIR website to accommodate these questions. To review these FAQs, please visit the "Mortgage Loan Officer Registration" page on the OFIR website, or you can select the following link:
http://www.michigan.gov/dleg/0,1607,7-154-10555_22535_51508---,00.html. If you have additional questions that may be used in this section, please submit an e-mail to Department Technician Lori Thelen at ThelenL4@michigan.gov.

Pending Loan Officer Legislation

Pending (this is not law) Senate Bills 1552, 1553, 1554, 1555 which would amend the Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 PA 173, and Secondary Mortgage Loan Act, 1981 PA 125, and Section 14p of the Criminal Code, 1927 PA 175 have been introduced. Language includes the authorization to conduct an FBI criminal background check; requires a separate loan officer registration pursuant to the Secondary Mortgage Loan Act unless currently registered pursuant to the MBLSLA; authorizes a delay in the January 1, 2009 loan officer registration requirement until April 1, 2009; and authorizes the Mortgage Industry Advisory Board to make recommendations to the Commissioner pursuant to the Secondary Mortgage Loan Act.

***Please pay close attention to these pending Bills as they may have dramatic effects on loan officer requirements in the very near future if enacted.**

Loan Officer Notification

Effective January 1, 2009, an employing licensee or registrant is required to notify OFIR within 20 days of hiring or engaging an individual as a loan officer or terminating the employment of or agency relationship with a loan officer. Additional information will be posted on the OFIR website as it becomes available.

Future correspondence will be available on the OFIR website www.michigan.gov/ofir - select Licensing, then Mortgage Loan Officer Registration. Please continue to check the OFIR website to verify requirements to register Michigan loan officers.

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If you have any questions concerning this letter, please contact me at (877) 999-6442.

Sincerely,

Mark W. Weigold, Director
Consumer Finance Section

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